

## Message Text

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43

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 ACDA-19 EB-11 COME-00 TRSE-00 DRC-01

/147 W

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R 092048Z SEP 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 4172

INFO AMEMBASSY LIMA

AMEMBASSY SANTIAGO

AMEMBASSY BOGOTA

AMEMBASSY QUITO

AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: ECIN, EINV, ECLA, BL, CI, PE

SUBJ: ANDEAN PACT: DECISION 24

1. CHILEAN MINISTER OF COORDINATION SAEZ CONSULTED WITH BOLIVIAN OFFICIALS SEPT 1 THROUGH 4. HIS ARRIVAL WAS GIVEN WIDE PUBLICITY: HIS DEPARTURE ALMOST NONE. JAVIER VILLA, NEW DIRECTOR OF BOLIVIAN NATIONAL INVESTMENT INSTITUTE (INI), TELLS US THAT BOLIVANS MAINTAINED POSITION THAT CHILEAN LAW 600 TOO LIBERAL.

2. VILLA EXPLAINED TO EMBOFFS THAT MAINTENANCE OF BASIC FRAMEWORK OF DECISION 24 IS NECESSARY IF BOLIVIA IS TO STIMULATE MANUFACTURING INVESTMENT BUT THAT AS ANDEAN COUNTRY WITH SMALLEST CAPITAL AND TECHNICAL BASE, BOLIVIA NEEDS SPECIAL TREATMENT IN DECISION'S APPLICATION. BOLIVIAN DELEGATION TO LIMA MEETING OPENING SEPT 9 THUS HOPES THAT IT WILL BE ABLE TO TAKE ADVANTAGE OF DISPUTE OVER CHILEAN INVESTMENT LAW TO GAIN SPECIAL TREATMENT FOR BOLIVIA WHILE KEEPING STRUCTURE OF ANDEAN INVESTMENT CODE INTACT. VILLA DID SAY  
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THAT DELEGATION WILL SUPPORT MINOR CHANGES IN DECISION 24 INCLUDING

MODIFICATION OF PROFITS REMITTANCE LIMITATIONS AND OF ARTICLE 51 CONCERNING INVESTMENT INSURANCE. HE SAID LATTER PROPOSED CHANGES FAVORING OPIC PROBABLY COULD BE DONE THROUGH INTERPRETATION BY JUNT.

3. BOLIVIAN MINISTER OF IND/COM AYOROA MET WITH PERUVIAN COUNTER-PART BARANDIARAN ON LAKE TITICACA SEPT 6 PRINCIPALLY TO DISCUSS TRANSPORTATION PROBLEMS BUT DECISION 24 AMONG TOPICS ON AGENDA. LA PAZ PRESS REPORTS THAT BARANDIARAN DESCRIBED THIS WEEK'S MEETING IN LIMA AS INTENDED TO ASSURE THAT MEMBERS OF ANDEAN PACT "RESPECT AGREEMENTS THEY ENTERED INTO." HE IS REPORTED AS ADMITTING THAT DECISION 24 COULD BE MODIFIED IN SOME RESPECTS THAT DO NOT AFFECT BASIC CONCEPTS. IN ANSWER TO QUESTION, HE EXPRESSED HOPE THAT CHILE NOT LEAVE PACT AND STATED INTENTION OF GIVING GOC WAY OUT OF "INTERNAL PROBLEMS".

4. LA PAZ'S EL DIARIO SEPT 7. CARRIED INTERVIEW WITH PRESIDENT PINOCHET BY BOLIVIAN JOURNALIST IN WHICH CHILEAN PRESIDENT STATES THAT HE HAS READ BOLIVIAN INVESTMENT LAW AND FINDS IT SAME AS LAW 600. BOLIVIAN COMMENTATORS RECOGNIZE THAT LIKE CHILEAN LAW, GOB POLICY NOW DISTINGUISHES BETWEEN INVESTMENT FOR EXPORT TO ANDEAN MARKET, WHICH MUST COMPLY WITH PACT'S INVESTMENT CODE, AND INVESTMENT AIMED AT DOMESTIC OR NON-ANDEAN COUNTRIES MARKETS, WHICH DOES NOT. LOCAL CRITICISM OF CHILEAN LAW IS OF ALLEGED BENEFITS GIVEN FOREIGN CAPITAL, BUT ONCE AGAIN BOLIVIANS CLAIM SPECIAL STATUS AND ARE THEMSELVES PLANNING TO LIBERALIZE BENEFITS IN OWN INVESTMENT CODE. STEDMAN

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## Message Attributes

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**Disposition Authority:** kelleyw0  
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